

Services Division
European Satellite Committee

Meeting of 6 August 1958

Present: [REDACTED] S/COM2 [REDACTED] S/TF; [REDACTED] S/TR; [REDACTED] A/E; [REDACTED] I/ME; [REDACTED] I/MS; [REDACTED] M/AG; [REDACTED] M/NF; [REDACTED] St/I/R; Segall, State.

In a general discussion of the Satellite economies in the first half of 1958, some of the conclusions of the analysts were as follows:

Hungary: [REDACTED] A/E, was of the opinion that Hungary is producing industrial goods in 1958 as planned. However, the Hungarians have been unable to meet their plan for reducing imports. They appear to be going through a "belt-tightening" period. They had planned to maintain the standard of living they had in 1957--but we are not so sure they are maintaining it. In 1957 they had a great deal more credits than they have in 1958, and now they are practically on their own financially.

With regard to dependence on the Bloc, Miss [REDACTED] said that after the Revolution, Hungary's trade with the Bloc increased still more. Hungary's principal chance to increase trade with the West is in agricultural products, and they have not been able to increase agricultural production enough to do this. [REDACTED] M/Ag, reported that Hungary's crop of bread grains is 20 percent below last year's.

Poland: [REDACTED] A/E, thinks that in general Poland is doing pretty well in 1958, largely because of the good crops they had last year. The raw material situation has improved, too, as they are able to import more foreign raw materials, and supplies are more regular. The standard of living will probably not go up too much in 1958. The Poles will not have the same amount of foreign credits available that they had in 1957, and imports will not rise--which results in a squeeze on resources. Consumers suffer from such a squeeze play. Investments have been rather stable in the last four years, but the question is how long can this go on. Poland's export of coal is still declining, there is a shortage of housing in the country, and there are bottlenecks in food processing and textiles. Economies have been attempted in state administration, and investments have been cut back in certain areas.

[REDACTED] M/NF, reported that the USSR had not exported any zinc concentrates to Poland in 1957, and although Polish imports of this ore rose by 60,000 tons in 1957, the USSR did not provide the ores. However, Poland is still exporting zinc to the USSR. Mr. [REDACTED] said the Poles are trying to diversify their sources of supply and this may reduce their dependence on the USSR as far as source of supply is concerned. [REDACTED] S/TF, added that 1958 plans for Poland call for an increase in trade with members of the Bloc except the Soviet Union. He says that all the Satellites have had their trade redirected in the postwar period, so that these countries are more interdependent now.

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25X1A9a Mr. [REDACTED] thinks that in agriculture Poland will probably come out better than any of the other Satellites unless they have trouble with their harvest of bread grains.

25X1A9a Other Satellites: Mr. [REDACTED] pointed out that Czechoslovakia has a problem in that their terms of trade have been deteriorating since 1948 and now amounts to sizeable losses. However, for several years the Czechs made out better with the Bloc than they did with the rest of the world. In 1954 they rapidly expanded their trade with the underdeveloped countries. [REDACTED]

25X1A9a S/COM, cited an example of the Czechs trying to sell tele-25X1A9a communications equipment to Uruguay at prices as much as 50 percent below the cost of other countries. Mr. [REDACTED] said that trade of the Satellites 25X1A9a with underdeveloped countries has been leveling off, after the initial plunge into the area.

25X1A9a Mr. [REDACTED] reported that agricultural production in Bulgaria and Albaina has been hit hard by the late spring and by drought. In East Germany and Czechoslovakia, grain harvesting has been hampered by lack of labor. Because of rain, hail, and wind storms in the latter countries, the crops were damaged to the extent that they have to be harvested by hand. In answer to a question on the long-range effect of collectivization, Mr. [REDACTED] said that if collectivization is pushed, it will have adverse effects in Hungary, East Germany, Czechoslovakia, and Rumania. East Germany and Czechoslovakia probably will be importing livestock and Hungary grain under collectivization.

25X1A9a [REDACTED] M/NF, quoted East German reports to the effect that East Germany is producing tin, lead, and copper at a loss and that East Germany's copper industry has not made a profit since 1929. Aluminum production in Czechoslovakia was lower in 1957 than in 1955 because Hungary has not been able to furnish the alumina. Long-range plans call for Czechoslovakia to go into an integrated alumina-aluminum industry--which raises the question of where Hungary will market her alumina then.

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On 13 August Mr. [REDACTED] will talk to the Committee on Post and Telecommunications in Poland. The meeting will be held at 1330 in Room 1121 M Building.

[REDACTED]

Secretary

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